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U. S. DEPARTMENT OF COMMERCE
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BUREAU OF FOREIGN AND DOMESTIC COMMERCE
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THE SAN FRANCISCO RESTAURANT INDUSTRY

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FOREWORD

Changes in the mode of life in the larger metropolitan areas of the country in recent years have contributed to an expansion in the investment and annual sales volume of the restaurant industry, making it an important channel of food distribution. The success, therefore, of this line of trade has become of increasing interest to manufacturers and distributors of restaurant equipment and food products. Many other lines of industry are also affected to a greater or less degree by the prosperity of the restaurant trade.

With the restaurant industry, as with many other lines of business, basic data with regard to annual sales, investment, employees, pay rolls, business mortality, and other essential points have largely been lacking. The present survey of the restaurant industry of San Francisco affords for the first time a considerable amount of information on the trade in one of our large American cities. The information contained herein should be helpful in the development of public and private policies for the elimination of waste and for the subsequent stabilization of the industry. This study also furnishes a basis of experience for further research in the restaurant trade.

This survey is the second conducted by the Bureau of Foreign and Domestic Commerce in securing basic facts on this important industry. The first report, Mortality and Failure among Restaurants in Kansas City, Missouri (multigraphed, free), issued in November, 1929, was limited to one phase of the industry in the city under survey. Considerable data on restaurant sales were also secured as a part of the Louisville Grocery Survey. The present report, conducted on a more elaborate scale, goes considerably further in providing information on the sales volume of the several types of public eating places, affording also data on wage earners, pay rolls, and the relation of wages to sales; on annual income per employee and annual income in relation to pay rolls and seating capacity. Facts are also disclosed as to the relation between volume and wage costs and the average length of life of establishments.

The bureau undertook this survey at the request and with the cooperation of the San Francisco Restaurant Association Bureau of Research and the San Francisco Chamber of Commerce. Both organizations made substantial financial contributions to the survey and gave the closest cooperation. The bureau acknowledges the assistance of the following individuals and organizations: Mr. J. John Eppinger, president of the San Francisco Restaurant Association; Mr. J. J. Schlaepfer, managing director of the bureau of hotels, restaurants, and purveyors for trade study; Mr. Almer M. Newhall, president of the San Francisco Chamber of Commerce; Mr. John L. Clymer, managing director of the Retail Merchants Association of the San Francisco Chamber of Commerce; Mr. Albert E. Schwabacher, treasurer of the San Francisco Chamber of Commerce; and Mr. Halsey E. Manwaring, manager of the Palace Hotel, San Francisco.

The conduct of the survey and the preparation of this report are the work of Edwin Bates, special agent of the domestic commerce division of the Bureau of Foreign and Domestic Commerce. Wesley O. Ash, manager of the bureau's district office in San Francisco, was closely associated with the survey from the time of its inception; contact work with the establishments included in the survey was carried on by Donald J. Grady and Hans E. Bergisch of the San Francisco district office.

William L. Cooper, *Director*,
Bureau of Foreign and Domestic Commerce.

September, 1930.

THE SAN FRANCISCO RESTAURANT INDUSTRY

INTRODUCTION

In number and general variety of eating establishments, San Francisco ranks high among cities of its size throughout the country. The highly cosmopolitan nature of the city's population is an important factor in diversifying the character of its restaurant industry. It has frequently been remarked that in San Francisco it is possible to eat in any language. Outstanding among the eating places of the city are a number of large hotels and clubs as well as establishments operated by Italians, French, Chinese, Japanese, Mexicans, and persons of other nationality.

The diversity of its establishments and the relatively large number of each type offers the opportunity, therefore, of arriving at fairly definite conclusions as to the operating problems of various types of establishments. This survey is presented as an analysis of facts found only in the city of San Francisco. No generalizations are made as to the application of these data to other sections of the country. Because of the size of the city and the general diversity and character of its establishments, the information contained herein may, however, be considered suggestive of conditions which obtain in other cities.

At the time this work was undertaken the Bureau of the Census did not contemplate including restaurants in the national census of distribution. At a later time this decision was changed, and the report to be issued by the Bureau of the Census will parallel some phases of the present survey but without a large amount of duplication. The present study, in addition to securing the general facts on number of establishments, sales volume, employees, and pay rolls, provides a classification of the restaurant trade by types of establishments and, in addition, covers such important phases of restaurant operation as the number of customers served, size of average check, seating capacity, equipment, business failures, etc. Certain variations will be found between the census report and this survey as regards part-time and full-time employees, and, in addition, the census will provide information on soft-drink, delicatessen, and other types of food-serving establishments not included in this survey. When the census of distribution figures are available, a basis will be provided for comparison of the restaurant trade of San Francisco with that of other cities of the country.

SCOPE AND METHODS OF CONDUCTING SURVEY

This survey covers all classes of establishments within the city limits of San Francisco serving food on the premises, with the exception of American-plan hotels, boarding houses, and cafeterias operated by industrial and commercial concerns for the convenience of their employees. In conducting the survey personal contact was made with more than 2,500 establishments licensed by the city health department of San Francisco for the serving of food or soft drinks. No information was secured with regard to establishments serving strictly soft drinks and ice cream. The purpose of the survey being to establish basic facts with regard to food-serving establishments in the city, the information contained herein bears only upon establishments serving food on the premises. In a number of instances the volume of food served was so small and the business conducted so irregularly or so incidentally with other lines of business that statistics on those establishments were not secured. The number of establishments in that class is not large, and their total volume of business is known to be very small.

Contact was made with 1,429 food-serving establishments in the city with the following results:

Completed questionnaires secured	1, 184
Establishments closed	163
Establishments not reporting	52
Too new or too small for tabulation	30

The questionnaire called for facts relative to the type of establishment, seating capacity, annual sales volume, number of employees, pay rolls, period of operation of the establishment at the particular location, length of time under present management, character of equipment for cooking, ventilation, refrigeration, and dishwashing, and facilities for the production of ice cream and bakery products on the premises.

COLLECTION AND TREATMENT OF DATA

As previously stated, the survey was conducted by personal contact with restaurant proprietors by representatives of the Bureau of Foreign and Domestic Commerce. By this method it was possible to secure considerably more uniformity in reports than would have been possible by mail questionnaires.

The outstanding difficulty in the collection of data on the survey was not the unwillingness of proprietors to furnish information, but the fact that many restaurant owners do not have accurate records of their operations. This is particularly true on such items as the number of customers served, annual receipts, and investment. In such instances the bureau's representative in conference with the proprietor made computations from the operations of recent months and arrived at results believed to have a high degree of accuracy. In the instance of large establishments, records were found to be sufficiently complete for answering in detail the several points on the questionnaire. Those establishments from which the most accurate data were secured account for a very large part of the total sales volume of the industry and contribute greatly toward complete accuracy for the entire report.

CLASSIFICATION OF EATING PLACES

In order to arrive at definite facts as to the relative importance and success of various types of eating places, it was necessary to establish a classification of food-serving institutions. No strict rules of procedure can be followed in classifying establishments, as the character of the different types of eating places merge imperceptibly into one another. The nature of an establishment's equipment, character of service provided customers, the extent of the menu, and the general class of its clientele are the principal standards of consideration in arriving at a classification. In this report the following classification is followed:

- Hotel dining rooms.
- Restaurants and cafés.
- Cafeterias.
- Coffee shops.
- Dairy lunches.
- Sandwich shops.
- Bakery lunches.
- Tea rooms.
- Drug-store lunch counters.
- Clubs.
- Miscellaneous.

The serving of food by eating establishments is, in many instances, conducted in connection with other types of business. Some of the more obvious connections are drug-store soda fountains, which frequently serve substantial quantities of food, retail bake shops conducting luncheon rooms or dining rooms in connection with their retail outlets, and department stores operating tea rooms for the convenience of their patrons. In addition, there are many establishments, such as candy stores, retail fish markets, and grocery stores, serving varied menus. Food serving is also operated in connection with entertainment in various classes of establishments. In all instances the essential facts of the food-serving business of the establishment were collected and allowances for other types of business or entertainment deducted. Cover charges were assigned as costs to patrons for entertainment and were segregated from charges for food.

GENERAL FACTS SECURED

The following general facts are announced from the survey:

Eating establishments reporting	1, 184
Annual sales	$46, 872, 792
Number of customers served annually	122, 205, 616
Wage earners employed	12, 236
Annual pay roll	[1] $13, 492, 344
Seating capacity	89, 975
Per cent pay roll of sales	28. 8
Average annual pay roll per employee	$1, 103

Many special circumstances and conditions contribute to the importance of the restaurant industry in San Francisco. The city is the commercial and financial center of a large metropolitan area surrounding San Francisco Bay. As a result, San Francisco, like Boston, New York, Chicago, and other large cities of the country, has a large volume of regular commuter and shopping trade from surrounding towns and cities. In San Francisco this trade comes largely from Oakland, Berkeley, Alameda, the East Bay area, and from the cities of San Mateo, Burlingame, Palo Alto, and other outlying places. Several thousand residents of these sections have regular employment in San Francisco and depend upon eating places there for one or two meals daily. This trade augments measurably the volume of business from local city residents. Tourist and convention trade enlarges the volume of business at various seasons of the year.

Another factor of significance, which applies equally to many other large cities of the country, is the increasing tendency in modern city life toward apartment-house residence. Naturally, apartment dwellers depend to a greater degree upon prepared-food outlets, such as restaurants and delicatessens, than people living in single-family homes. Annual surveys on residential construction by the Bureau of

[1] This figure represents a slight change from that shown for annual pay roll in the preliminary report, due to revisions in the reports of a few establishments.

Labor Statistics of the Department of Labor reveal a marked trend since the war toward apartment building in the larger cities of the country. It is noteworthy that in 14 cities with populations of 500,000 or over, the percentage of families provided for by new construction increased from 34 in 1921 to 60.8 in 1927, and to 67.2 in 1928. In 1929 the percentage of families provided for by new apartment-house construction in these cities was 64.4 of the family units provided in that year. In San Francisco the tendency toward apartment-house construction has been considerably in advance of that of other cities. Thus, in 1921, when apartment houses accounted for 44.2 per cent of the family units provided by new construction in New York, this type of residence was 45.5 per cent of the new construction in San Francisco. In 1928 and 1929 apartment houses constituted nearly 60 per cent of the family units provided for by new construction in San Francisco. In addition to apartment houses, San Francisco probably has a relatively greater amount of space in hotels than any city of similar size in the country.

RELATION OF RESTAURANT INDUSTRY TO OTHER LINES OF TRADE

The success of the restaurant industry is a matter of concern to many lines of manufacture and wholesale trade. The 1,184 eating places in San Francisco covered by this survey show an annual volume of business of nearly $47,000,000; the investment in the industry at the present valuation is approximately $10,000,000. These facts alone establish the industry as an important buyer of equipment, foodstuffs, and services. The prosperity of the restaurant trade, therefore, is a matter of interest not only to a large number of proprietors and wage earners whose livelihood is directly dependent upon this trade, but also to real-estate interests whose properties are under lease, to manufacturers and distributors of restaurant equipment, and to wholesale suppliers of groceries, meats, vegetables, fish, dairy products, bakery goods, and ice. Public utilities providing such essentials as electricity, gas, water, and telephone service are directly interested in the success of the industry, as are bankers supplying credit to restaurant operators or to business concerns principally interested in serving the restaurant industry.

SALES VOLUME

The annual sales of the 1,184 eating establishments covered in this report total $46,872,792. A careful estimate of the 52 establishments not reporting and of miscellaneous establishments too new or too small for tabulation indicates that the figure given covers nearly 97 per cent of the sales of food-serving establishments of the city. The total sales, therefore, of all eating places in the city probably approximates $49,000,000 annually. No account is taken of boarding houses or American-plan hotels, principally because of the difficulty of securing a satisfactory segregation of food business in such establishments on a basis comparable with other establishments. The volume of business reported is sufficiently complete to establish a high degree of accuracy for all types of eating establishments as regards their average sales volume, relation of wages to sales, average size of customer's check, and other essential data herein contained.

The average volume of business per establishment for all reporting firms is $39,589. The number of establishments, annual volume of business, and average annual business per establishment in the various types of eating places in San Francisco are shown in the following table:

Number of Establishments, Annual Volume of Business, and Average Annual Business per Establishment in Various Classes of Eating Places in San Francisco in 1929

Classification	Number	Annual sales	Sales per establishment
Hotel dining rooms	26	$5, 404, 356	$207, 859
Restaurants and cafés	631	19, 666, 284	31, 167
Cafeterias	33	3, 569, 616	108, 170
Coffee shops	124	4, 862, 220	39, 211
Dairy lunches	79	6, 305, 568	79, 817
Sandwich shops	99	2, 329, 860	23, 533
Bakery lunches	29	751, 260	25, 905
Tea rooms	20	1, 028, 364	51, 418
Drug-store lunch counters	16	471, 804	29, 488
Clubs	14	1, 289, 232	92, 088
Miscellaneous	113	1, 194, 228	10, 568
Total	1, 184	46, 872, 792	39, 589

The wide variation in the average volume of business per establishment in the several types of eating places is evident. Hotel dining rooms, with an annual average of $207,859 per establishment, stand first, nearly twice as large as cafeterias, which are second with $108,170. It is interesting to observe that coffee shops closely approximate the average of all classes of establishments. In the case of drug-store lunch counters, the average of $29,488 may seem unduly large. In this report, however, only drug-store lunch counters with a substantial volume of business are included. Many instances were found of drug stores serving such small quantities of food that proprietors were unable to estimate their food sales with accuracy. Many such establishments limit their food sales to pastries, cold sandwiches, and similar items; furthermore, considerable difficulty is experienced in evaluating the amount of time spent by employees in serving prepared foods as distinguished from soft drinks and ice cream. It is not believed that the food sales of drug stores, if completely ascertained, would enlarge greatly the figures shown above.

The wide variation in the average sales volume of the different types of eating places is again shown by a comparison of the percentage of establishments in each class with the respective percentage of total volume of trade secured by each group. Hotel dining rooms, which account for 2.2 per cent of the number of establishments reporting, secured 11.5 per cent of the total sales volume. Cafeterias, representing 2.8 per cent of the establishments, secured 7.6 per cent of the total sales. The largest single group is that of restaurants and cafés which, with 53.3 per cent of the establishments, accounted for 42 per cent of the sales. The distribution of sales among the various classes of eating establishments as compared with the percentage of outlets reporting is shown in the following table.

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Distribution of Total Sales Among Classes of Eating Places in San Francisco as Compared With Number of Establishments in Each Class

Classification	Per cent of total firms reporting	Per cent of total sales	Classification	Per cent of total firms reporting	Per cent of total sales
Hotel dining rooms	2.2	11.5	Bakery lunches	2.4	1.6
Restaurants and cafés	53.3	42.0	Tea rooms	1.7	2.2
Cafeterias	2.8	7.6	Drug-store lunch counters	1.2	2.8
Coffee shops	10.5	10.4	Clubs	1.3	1.0
Dairy lunches	6.7	13.4	Miscellaneous	9.5	2.5
Sandwich shops	8.4	5.0			

CLASSIFICATION OF ESTABLISHMENTS BY SALES VOLUME

Interesting facts are provided by the classification of eating places of various types on the basis of annual sales volume. For purposes of this report, establishments are classified by sales volume into 10 groups ranging from places securing $5,000 or less business a year to establishments with more than $250,000. This segregation reveals the distribution of establishments in each group according to size and indicates the relative significance to the industry as a whole of the large and small establishments. The following table provides a segregation of establishments in the various classes of eating places according to the annual sales volume, in so far as these facts can be shown without revealing the rating of a particular establishment.

Classification of Eating Places in San Francisco in 1929 by Annual Volume of Sales

Classification	Number	Less than $5,000 annual sales	$5,001 to $10,000	$10,001 to $20,000	$20,001 to $30,000	$30,001 to $40,000	$40,001 to $50,000
Hotel dining rooms	26				5	4	
Restaurants and cafés	631	74	130	165	89	48	39
Cafeterias	33		3	4	4	3	
Coffee shops	124	6	12	34	23	12	10
Dairy lunches	79			11	6	7	9
Sandwich shops	99	14	13	30	17	8	7
Bakery lunches	29	6	4	5	4		4
Tea rooms	20			3	3		3
Drug-store lunch counters	16				4		4
Clubs	14					3	
Miscellaneous	113	65	19	16	5		
Total (including establishments shown in unclassified column)	1,184	170	186	270	160	90	79
Per cent of total	100.0	14.3	15.7	22.8	13.5	7.7	6.7

Classification	$50,001 to $75,000	$75,001 to $100,000	$100,001 to $150,000	$150,001 to $250,000	$250,001 and over	Unclassified
Hotel dining rooms	4			3	7	3
Restaurants and cafés	35	12	19	14	6	
Cafeterias	5	3	3	1	5	3
Coffee shops	14	4	4			5
Dairy lunches	9	10	15	3	4	5
Sandwich shops	6					4
Bakery lunches						6
Tea rooms	5					6
Drug-store lunch counters	3					5
Clubs		5	4			2
Miscellaneous	3					5
Total (including establishments shown in unclassified column)	87	41	50	27	23	
Per cent of total	7.3	3.5	4.3	2.3	1.9	

The preceding table establishes the significant fact that 52.8 per cent of the eating establishments in San Francisco have an annual sales volume of $20,000 or less and 74 per cent have annual sales of $40,000 or less. Inasmuch as the average of all establishments, as previously shown, is $39,589, this means that substantially 74 per cent of the establishments of the city fall below the general average volume of sales.

It is of interest to determine the volume of sales of eating places of various sizes to establish the relative importance of the different size groups. This analysis is presented in the following table:

Distribution of Sales Volume by Various Sizes of Eating Establishments in San Francisco in 1929

Classification	Number	Less than $5,000 annual sales	$5,001 to $10,000	$10,001 ro $20,000	$20,001 to $30,000	$30,001 to $40,000	$40,001 to $50,000
Hotel dining rooms	26				$115, 200	$150, 300	
Restaurants and cafés	631	$254, 328	$963, 708	$2, 396, 940	2, 190, 492	1, 691, 172	$1, 774, 488
Cafeterias	33		24, 600	56, 520	106, 200	100, 200	
Coffee shops	124	20, 460	87, 420	538, 440	542, 700	430, 200	462, 000
Dairy lunches	79			161, 700	144, 000	252, 000	411, 504
Sandwich shops	99	43, 380	100, 500	448, 836	426, 900	278, 640	304, 296
Bakery lunches	29	14, 280	28, 800	70, 980	97, 800		186, 600
Tea rooms	20			45, 600	84, 000		127, 200
Drug-store lunch counters	16				93, 000		162, 900
Clubs	14					109, 104	
Miscellaneous	113	137, 724	141, 720	234, 384	117, 600		
Unclassified by type of establishment [1]		13, 200	35, 604	22, 200		204, 456	136, 200
Total	1, 184	483, 372	1, 382, 352	3, 975, 600	3, 917, 892	3, 216, 072	3, 565, 188
Per cent		1. 0	2. 9	8. 5	8. 4	6. 9	7. 6

Classification	$50,001 to $75,000	$75,001 to $100,000	$100,001 to $150,000	$150,001 to $250,000	$250,001 and over	Not classified by size groups [2]	Total sales volume
Hotel dining rooms	$250, 200			$579, 600	$4, 145, 292	$163, 764	$5, 404, 356
Restaurants and cafés	2, 219, 124	$1, 029, 348	$2, 233, 284	2, 727, 600	2, 185, 800		19, 666, 284
Cafeterias	301, 284	261, 792	338, 772		2, 041, 728	338, 520	3, 569, 616
Coffee shops	860, 400	357, 000	483, 000			1, 080, 600	4, 862, 220
Dairy lunches	568, 800	843, 120	1, 862, 604	661, 224	1, 366, 416	34, 200	6, 305, 568
Sandwich shops	339, 420					387, 888	2, 329, 860
Bakery lunches						352, 800	751, 260
Tea rooms	306, 000					465, 564	1, 028, 364
Drug-store lunch counters	155, 400					60, 504	471, 804
Clubs		463, 272	463, 572			253, 284	1, 289, 232
Miscellaneous	157, 200					405, 600	1, 194, 228
Unclassified by type of establishment [1]	184, 080	597, 120	589, 452	1, 481, 412	276, 000		
Total	5, 341, 908	3, 551, 652	5, 970, 684	5, 452, 836	10, 015, 236		46, 872, 792
Per cent	11. 4	7. 6	12. 7	11. 6	21. 4		100. 0

[1] The figures in this column correspond with the sales of establishments shown in the "Not classified" column on the right.

[2] The figures shown in this column represent sales of establishments in size groups in which only 1 or 2 concerns appear and are shown in this manner to avoid disclosing the operations of individual establishments.

The foregoing tables provide the basis for further analysis in the distribution of sales volume. It is interesting to observe that approximately three-fourths of the establishments of the city secure 28 per cent of the total annual sales, while one-fourth of the outlets enjoy 62 per cent of the yearly volume of business.

It is now interesting to compare the percentage of establishments in various size groups with the percentage of business secured. The following table shows the sales volume for all classes of eating establishments by size groups and indicates also the percentage of total volume of sales and the percentage of establishments reported.

Distribution of Sales Volume by Various Sizes of Eating Establishments in San Francisco in 1929

Annual sales volume	Per cent of total sales	Per cent of Total establishments	Annual sales volume	Per cent of total sales	Per cent of total establishments
Less than $5,000	1.0	14.3	$50,001 to $75,000	11.4	7.3
$5,001 to $10,000	2.9	15.7	$75,001 to $100,000	7.6	3.5
$10,001 to $20,000	8.5	22.8	$100,001 to $150,000	12.7	4.3
$20,001 to $30,000	8.4	13.5	$150,001 to $250,000	11.6	2.3
$30,001 to $40,000	6.9	7.7	$250,001 and over	21.4	1.9
$40,001 to $50,000	7.6	6.7			

EMPLOYMENT AND PAY ROLLS

The eating establishments of San Francisco included in this survey employ 12,236 persons with an annual pay roll of $13,492,344, an average of $1,103 per employee. These figures take no account of food credits to employees or gratuities from customers or establishments, both of which increase materially the actual income of restaurant employees. Several restaurant proprietors estimate that the value of food supplied to employees is equal to 30 per cent of the wage pay roll. Some have estimated that if all gratuities and food credits were taken into consideration the annual income to employees in eating establishments in San Francisco would probably be $20,000,000 annually. This figure is, of course, an estimate developed from conferences with restaurant owners and managers.

A comparison of the restaurant pay rolls of San Francisco with other pay rolls of the city shows in a striking way the relative importance of the restaurant industry as an employer of labor. The pay roll of manufacturing establishments in San Francisco in 1927, according to the census of manufactures, was $61,133,952. The monetary wages, therefore, of the restaurant industry of the city is equal to 22 per cent of the manufacturing pay roll. The actual income, however, of restaurant employees, considering food allowances and tips, is probably well over 30 per cent of the amount paid by manufacturing establishments. It is also noteworthy that the pay roll of the San Francisco restaurant industry is approximately equal to that of the petroleum-refining industry of California.

In this survey no attempt was made to secure facts on the number of part-time employees, as the number of such employees varies appreciably throughout the year. The variations shown below in the annual pay roll per employee for different types of establishments must be accepted with proper allowance for variations in the importance of part-time workers in the several types of establishments.

The number of restaurant employees shown in the preceding statement includes a substantial number of restaurant proprietors who perform a considerable amount of catering work in their establishments. In these cases it was the policy to enumerate them as employees and to evaluate their services according to the usual schedule of wages.

An analysis of the average annual pay roll per employee shows substantial variations in the income per employee in various types of eating establishments. Dairy lunches, with an annual average of $1,341, stand in first place, while tea rooms are lowest, with an annual average of $834. The relatively low wages to tea-room employees is partly attributable to the fact that these establishments usually serve only two meals per day and, in some instances, do not operate on Sundays and holidays. The number of part-time workers, therefore, is relatively larger than in many other types of eating places.

A number of coffee shops, sandwich shops, and dairy lunches likewise serve only two meals per day, and the payments per employee are, therefore, substantially reduced.

The following table shows the number of employees, annual pay roll, and average annual pay roll per employee in various classes of eating establishments in San Francisco in 1929:

EMPLOYEES, ANNUAL PAY ROLL AND AVERAGE ANNUAL PAY ROLL PER EMPLOYEE IN EATING ESTABLISHMENTS IN SAN FRANCISCO IN 1929

Classification	Employees	Annual pay roll [1]	Average annual pay roll per employee
Hotel dining rooms	1,985	$2,332,068	$1,175
Restaurants and cafes	4,964	5,401,292	1,088
Cafeterias	859	889,512	1,036
Coffee shops	1,188	1,268,488	1,068
Dairy lunches	1,089	1,460,368	1,341
Sandwich shops	615	596,440	970
Bakery lunches	212	214,916	1,014
Tea rooms	351	292,864	834
Drug-store lunches	54	57,512	1,065
Clubs	536	613,584	1,145
Miscellaneous	383	365,300	954
Total	12,236	13,492,344	1,103

[1] Slight changes are shown in the pay rolls of restaurants, coffee shops, and dairy lunches from the figures issued in the preliminary report of this survey due to necessary revision of a few questionnaires.

The importance of various sizes of establishments as regards the employment of wage earners and payment of wages is shown in the following table:

DISTRIBUTION OF WAGE-EARNER EMPLOYMENT AND PAY ROLLS BY VARIOUS SIZES OF EATING ESTABLISHMENTS IN SAN FRANCISCO IN 1929

Annual sales volume	Establishments	Employees	Wages
$5,000 and less	170	340	$229,190
$5,001 to $10,000	186	532	467,948
$10,001 to $20,000	270	1,156	1,143,220
$20,001 to $30,000	160	951	1,016,106
$30,001 to $40,000	91	777	855,996
$40,001 to $50,000	79	825	906,048
$50,001 to $75,000	87	1,258	1,321,344
$75,001 to $100,000	41	829	987,824
$100,001 to $150,000	50	1,379	1,572,824
$150,001 to $250,000	27	1,335	1,575,028
$250,001 and over	23	2,854	3,416,816
Total	1,184	12,236	13,492,344

DISTRIBUTION OF EMPLOYEES BY SEX

Men account for nearly 72 per cent of the catering employees in the San Francisco restaurant trade. The distribution of the 12,236 employees by sex in the various types of eating establishments is shown below.

Distribution of Catering Employees, in Eating Establishments in San Francisco in 1929, by Sex

Classification	Men	Women	Total
Hotel dining rooms	1, 574	411	1, 985
Restaurants and cafés	3, 802	1, 162	4, 964
Cafeterias	465	394	859
Coffee shops	691	497	1, 188
Dairy lunches	960	129	1, 089
Sandwich shops	335	280	615
Bakery lunches	100	112	212
Tea rooms	190	161	351
Drug-store lunch counters	25	29	54
Clubs	467	69	536
Miscellaneous	172	211	383
Total	8, 781	3, 455	12, 236
Per cent	71. 8	28. 2	100. 0

It is interesting to observe from the above table that the number of women employees exceeded men only in bakeries, drug stores, and miscellaneous establishments.

RELATION OF PAY ROLL TO SALES

The pay rolls reported for the 1,184 establishments are 28.8 per cent of the annual sales. This includes only catering employees, with no allowance for management costs. In small establishments where the proprietor performs services as a catering employee, an evaluation was made of the amount he would be able to secure for performing the same services as a wage earner. Any larger return to the proprietor was considered as payment for management or profits from the operation of the business. It is interesting to observe the relatively wide variation in the rates of pay roll to sales in various types of establishments. Drug stores are lowest, with 12.1 per cent, while clubs stand highest, with 47.5 per cent. In the case of drug stores, the relative simplicity of service to customers and the more diverse use of the employee's time, as, for example, in dishwashing and in the serving of soft drinks, operate toward a relatively lower ratio of wages to sales. Furthermore, these establishments do little or no cooking on the premises. Cafeterias, dairy lunches, and sandwich shops, with a less personal service to customers, show appreciably lower ratios than the general average of all establishments. The relation of pay roll for catering services to sales in the various classes of eating establishments in the city is presented in the following table:

RELATION OF WAGES TO SALES IN EATING ESTABLISHMENTS IN SAN FRANCISCO IN 1929

Classification	Sales	Wages	Per cent wages of sales
Hotel dining rooms	$5,404,356	$2,332,068	43.1
Restaurants and cafés	19,666,284	5,401,292	27.5
Cafeterias	3,569,616	889,512	24.9
Coffee shops	4,862,220	1,268,488	26.1
Dairy lunches	6,305,568	1,460,368	23.2
Sandwich shops	2,329,860	596,440	25.5
Bakery lunches	751,260	214,916	28.6
Tea rooms	1,028,364	292,864	28.4
Drug-store lunch counters	471,804	57,512	12.1
Clubs	1,289,232	613,584	47.5
Miscellaneous	1,194,228	365,300	30.5
Total	46,872,792	13,492,344	28.8

RELATION OF SALES VOLUME TO WAGE COSTS

The influence of the sales volume of establishments of various sizes upon the ratio of wage costs is of direct interest to the restaurant proprietor. In practically every establishment the proprietor realizes that it would be possible to make a substantial increase in the volume of his business without an increase in the number of wage earners or in the wages paid. Our present interest, however, is largely in the question of variations in wage costs in the various sizes of establishments. A segregation was made of wage payments according to the size of establishments, and the results can, therefore, be compared with figures previously presented on the sales by various sizes of eating places. The relation of wages to sales in San Francisco is indicated in the following table:

RELATION OF WAGES TO SALES IN VARIOUS SIZES OF EATING ESTABLISHMENTS IN SAN FRANCISCO IN 1929

Annual sales volume	Establishments	Annual sales	Wages	Per cent wages of sales
$5,000 and less	170	$483,372	$229,190	47.4
$5,001 to $10,000	186	1,427,952	467,948	32.8
$10,001 to $20,000	270	4,014,000	1,143,220	28.5
$20,001 to $30,000	160	3,865,548	1,016,106	26.3
$30,001 to $40,000	91	3,311,616	855,996	25.8
$40,001 to $50,000	79	3,743,988	906,048	24.2
$50,001 to $75,000	87	5,125,908	1,321,344	25.8
$75,001 to $100,000	41	3,569,652	987,824	27.7
$100,001 to $150,000	50	6,094,692	1,572,824	25.8
$150,001 to $250,000	27	5,220,828	1,575,028	30.2
$250,001 and over	23	10,015,236	3,416,816	34.1
Total	1,184	46,872,792	13,492,344	28.8

The above figures establish conclusively that the larger establishments have a lower per cent of wage cost than smaller ones. Thus, establishments of $5,000 and less show wage pay rolls of 47.4 per cent. In many of the establishments of this class the proprietor and frequently one or two members of the family constitute the catering force. It was in this class of establishments, particularly, that it was necessary to make evaluations of the wage pay roll on the basis of the general level of wages for such services. Inasmuch as the ratio of wages to sales in this class of establishments is practically double that of many establishments of larger size, the question is raised rather pointedly as to whether the proprietors of such establishments actually realize the usual level of wages. It is noteworthy that the tendency toward decrease of wages in relation to sales continues up to the largest-sized groups. In the case of establishments of $250,000 or more, a special analysis of the establishments reported shows that the large hotels, with their close personal attention to patrons and their relatively higher wage costs, increase appreciably the ratio of wages to sales in this group. If hotels are excepted from the establishments of over $250,000, the ratio is reduced to 27 per cent. This fact indicates rather conclusively that it is possible to extend the size of the usual types of eating establishments without incurring a serious disproportion between wages and sales.

A somewhat more accurate analysis of the relation of sales volume to wage costs can be shown by taking a single type of establishment and comparing wage costs in the various size groups. In this way the percentage of wages is not affected so seriously by the variations in character of service to customers. The most representative group for this purpose is restaurants and cafés, which comprise over half the reporting establishments. The following table shows the relation of wages to sales in the restaurants and cafés of San Francisco by size groups:

Relation of Wages to Sales in Restaurants and Cafés in San Francisco in 1929

Annual sales volume	Establishments	Annual sales	Annual pay roll	Per cent wages of sales
$5,000 and less	74	$254, 328	$123, 578	48. 6
$5,001 to $10,000	130	963, 708	339, 092	35. 2
$10,001 to $20,000	165	2, 396, 940	694, 876	29. 0
$20,001 to $30,000	89	2, 190, 492	555, 906	25. 4
$30,001 to $40,000	48	1, 691, 172	405, 028	23. 9
$40,001 to $50,000	39	1, 774, 488	440, 804	24. 8
$50,001 to $75,000	35	2, 219, 124	538, 304	24. 3
$75,001 to $100,000	12	1, 029, 348	272, 064	26. 4
$100,001 to $150,000	19	2, 233, 284	590, 356	26. 4
$150,001 to $250,000	14	2, 727, 600	798, 044	29. 3
$250,001 and over	6	2, 185, 800	643, 240	29. 4
Total	631	19, 666, 284	5, 401, 292	27. 5

The above table dealing with a single type of eating establishment again bears evidence of the general tendency toward lower wage costs in larger establishments. This is true, as shown above, except in the very large establishments, where greater emphasis is placed upon the character of attention to patrons.

AVERAGE SALES PER EMPLOYEE

The variations in character of service provided by the several types of eating establishments have a direct bearing upon the annual sales per employee. Hotel dining rooms and clubs, with considerable emphasis upon their service to patrons, naturally show the lowest annual sales per employee. The highest annual sales per catering employee is found in the instances of drug-store lunches, where there is a simplicity of service and a considerably larger number of customers per seat throughout the day. In later sections of this report, drug-store lunches are shown to have the lowest customer's check, and it is of interest, therefore, that with the lowest check per customer this type of establishment is able to secure the highest sales per employee. Dairy lunches stand first among the major types of eating establishments in the volume of business secured annually per employee. The average of all establishments is $3,831 per employee annually. This average is exceeded somewhat by restaurant sand cafés, the largest single class of establishments, but is not reached by tea rooms, bakery lunches, sandwich shops, or miscellaneous establishments. The following table shows the average annual sales per employee in the several types of eating places in San Francisco in 1929.

Average Annual Sales per Employee in Eating Establishments in San Francisco in 1929

Classification	Establishments	Employees	Annual sales	Annual sales per employee
Hotel dining rooms	26	1,985	$5,404,356	$2,723
Restaurants and cafés	631	4,964	19,666,284	3,962
Cafeterias	33	859	3,569,616	4,156
Coffee shops	124	1,188	14,987,580	4,093
Dairy lunches	79	1,089	6,305,568	5,790
Sandwich shops	99	615	2,329,860	3,788
Bakery lunches	29	212	751,260	3,544
Tea rooms	20	351	1,028,364	2,930
Drug-store lunches	16	54	471,804	8,737
Clubs	14	536	1,289,232	2,405
Miscellaneous	113	383	1,194,228	3,118
Total	1,184	12,236	46,872,792	3,831

SEATING CAPACITY

The seating capacity of the 1,184 eating establishments covered in this report is 89,975, an average of 76 seats per establishment. This means approximately one seat for every seven persons in the city's population. Clubs and hotel dining rooms naturally show the highest seating capacity per establishment, while drug stores are lowest. The following table shows the distribution of seating capacity in various types of eating establishments in San Francisco and the average seating capacity per establishment:

Distribution of Seating Capacity in Eating Establishments in San Francisco, 1929

Classification	Establishments	Seating capacity	Average per establishment
Hotel dining rooms	26	7,319	281.5
Restaurants and cafés	631	44,185	70.0
Cafeterias	33	6,769	205.1
Coffee shops	124	8,114	65.4
Dairy lunches	79	8,282	104.8
Sandwich shops	99	3,332	33.6
Bakery lunches	29	1,474	50.8
Tea rooms	20	2,643	132.1
Drug-store lunch counters	16	332	20.7
Clubs	14	4,410	315.0
Miscellaneous	113	3,115	27.5
Total	1,184	89,975	76.0

Approximately 58 per cent of the eating establishments of San Francisco have a seating capacity of 50 or less. In presenting the facts on seating capacity, it should be observed that no distinction is made between counter seats and chairs. Approximately one-fourth of the establishments have from 51 to 100 seats, and 17.2 per cent of the establishments have 101 or more seats. The facts on variations in seating capacity are shown in the following table:

CLASSIFICATION OF EATING ESTABLISHMENTS IN SAN FRANCISCO IN 1929 BY SEATING CAPACITY

Classification	Establishments	5 seats or less	6 to 25 seats	26 to 50 seats	51 to 100 seats	101 to 200 seats	201 or more seats
Hotel dining rooms	[1] 26				9	6	10
Restaurants and cafés	631	1	132	238	166	60	34
Cafeterias	33		1	4	10	7	11
Coffee shops	124		26	52	28	13	5
Dairy lunches	79		6	9	34	22	8
Sandwich shops	99	1	51	29	17	1	
Bakeries	29	1	9	6	10	3	
Tea rooms	20		1	2	10	4	3
Drug stores	16		12	4			
Clubs	14				2	5	7
Miscellaneous	113	10	64	24	11	4	
Total	[1] 1,184	13	302	368	297	125	78
Per cent	100.0	1.1	25.5	31.1	25.1	10.6	6.6

[1] 1 establishment not shown.

ANNUAL INCOME PER SEAT

The annual income per seat in the various types of eating establishments is a direct indication of the efficiency of use of equipment. For all establishments in San Francisco the annual income is $521 per seat. Drug-store lunch counters, with their rapid service to customers, stand first on this basis, with annual sales per seat of $1,421. Dairy lunches stand next, with annual sales per seat of $761, while hotel dining rooms are third, with $738 per seat. Sandwich shops also rate high in annual sales per seat, and coffee shops exceed by a considerable margin the average of all establishments. It is somewhat surprising to find that cafeterias, which generally rate high on other scores, exceed only slightly the average of all establishments. To a certain extent this can be attributed to the smaller size of customer's check. Clubs and tea rooms fall considerably below the average of all classes of establishments on this basis.

The annual sales per seat in various types of eating establishments in San Francisco are shown in the following table:

ANNUAL SALES PER SEAT IN EATING ESTABLISHMENTS IN SAN FRANCISCO

Classification	Annual sales	Seating capacity	Annual sales
Hotel dining rooms	$5,404,356	7,319	$738
Restaurants and cafés	19,666,284	44,185	445
Cafeterias	3,569,616	6,769	527
Coffee shops	4,862,220	8,114	599
Dairy lunches	6,305,568	8,282	761
Sandwich shops	2,329,860	3,332	699
Bakery lunches	751,260	1,474	510
Tea rooms	1,028,364	2,643	389
Drug-store lunch counters	471,804	332	1,421
Clubs	1,289,232	4,410	292
Miscellaneous	1,194,228	3,115	383
Total	46,872,792	89,975	521

In preceding sections the relation between sales volume and pay rolls of various sizes of establishments has been shown. These comparisons establish conclusively that with an increase in sales volume, there is a material decrease in the ratio of wages to sales. Another comparison which justifies consideration is the relation between sales volume in the several sizes of eating establishments and the annual income per seat. Seating capacity of eating places is usually accepted as a satisfactory medium for comparative purposes. The following table presents the variations in annual sales per seat in relation to the annual volume of business of the establishment:

Variations in Annual Sales per Seat by Size of Eating Establishments in San Francisco in 1929, Annual Volume of Sales

Annual sales volume	Establishments	Annual sales	Seating capacity	Annual income per seat
$5,000 and less	170	$483, 372	3, 998	$120. 90
$5,001 to $10,000	186	1, 427, 952	6, 017	237. 31
$10,001 to $20,000	270	4, 014, 000	11, 462	350. 20
$20,001 to $30,000	160	3, 865, 548	8, 063	479. 41
$30,001 to $40,000	91	3, 311, 616	6, 998	473. 22
$40,001 to $50,000	79	3, 743, 988	6, 393	585. 63
$50,001 to $75,000	87	5, 125, 908	9, 401	545. 25
$75,001 to $100,000	41	3, 569, 652	5, 974	597. 53
$100,001 to $150,000	50	6, 094, 692	9, 234	660. 02
$150,001 to $250,000	27	5, 220, 828	9, 781	533. 77
$250,001 and over	23	10, 015, 236	12, 654	791. 46
Total	1, 184	46, 872, 792	89, 975	520. 95

The above table shows a pronounced tendency toward more efficient operation of the capacity of larger establishments than of the smaller ones. The annual income per seat as shown above rises materially with the annual sales. With only two exceptions, there is a pronounced upward swing. One of the outstanding facts of the above table is that the largest places secured the greatest annual income per seat. Thus the 23 establishments with an annual income of over $250,000 have an average seating capacity of 550 seats and secure close to $800 annual sales per seat. The general average of all establishments, approximately $521, is not reached until the $40,001 to $50,000 group. It is also interesting to observe that the group with sales of $150,000 to $250,000 is the only one which fails to follow approximately the general trend. The explanation for this is not in evidence. This particular group includes 3 hotels, 14 restaurants and cafés, 4 coffee shops, 3 dairy lunches, and 1 each of clubs, cafeterias, and tea rooms.

AVERAGE SIZE OF CUSTOMER'S CHECK

The average amount spent by customers in an eating establishment is an important consideration in the conduct of a business and is of decided value in estimating the prospective income from a proposed establishment. The average check naturally varies from one type of establishment to another, depending upon the character of service, the extent of the menu, the general surroundings of the establishment, and the number of meals served per day. Breakfast checks are naturally smaller than luncheon checks, while the luncheon check in turn, averages considerably less than the dinner check. In this survey no question was included as to the number of meals served per day. In many wholesale, retail, and manufacturing districts there are establishments catering entirely to luncheon trade. Many establishments do not cater to breakfast trade but are open for luncheon and dinner.

The survey shows that the average size of a check ranges from $0.181 in drug stores to $1.165 in hotel dining rooms, with an average of $0.384 in all classes of establishments. The average size of check in cafeterias approximates closely the average for all types of eating places. In the case of tea rooms, the average check of $0.477 is lower than the usual average for tea rooms, inasmuch as it was necessary to include three department-store tea rooms with the more usual type. Tea rooms, as a rule, cater to luncheon and dinner trade, and their clientele generally includes a select type of patronage. The department-store tea room, usually operating over a larger part of the day and catering to women shoppers for luncheon and afternoon tea, generally shows a lower average check. One department-store tea room, however, showed an average check comparable with the general run of tea rooms. The average check in department-store tea rooms is reduced appreciably by the fact that they do not cater to patronage at the dinner hour. The annual volume of business, number of customers served annually, and average size of customer's check in the various types of eating establishments in San Francisco are shown below.

Annual Volume of Sales, Customers Served Annually, and Average Size of Customer's Check in Eating Establishments in San Francisco in 1929

Classification	Annual sales	Customers served annually	Average size of check
Hotel dining rooms	$5, 404, 356	4, 635, 228	$1. 165
Restaurants and cafés	19, 666, 284	46, 687, 840	. 421
Cafeterias	3, 569, 616	9, 506, 532	. 375
Coffee shops	4, 862, 220	14, 987, 580	. 324
Dairy lunches	6, 305, 568	24, 592, 824	. 256
Sandwich shops	2, 329, 860	8, 278, 692	. 281
Bakery lunches	751, 260	2, 900, 280	. 259
Tea rooms	1, 028, 364	2, 151, 984	. 477
Drug-store lunch counters	471, 804	2, 598, 360	. 181
Clubs	1, 289, 232	1, 259, 628	1. 023
Miscellaneous	1, 194, 228	4, 606, 668	. 259
Total	46, 872, 792	122, 205, 616	. 384

INVESTMENT IN THE INDUSTRY

In this survey an effort was made to secure facts on the investment in furniture and fixtures of the eating places of the city. With many establishments there were some very obvious difficulties in arriving at an accurate estimate. This is generally true throughout the restaurant industry, in which a great deal of equipment is operated on a lease basis. In the case also of hotels and miscellaneous establishments, where food serving is conducted in connection with other types of business, the investment for meal service obviously depends on the accounting procedure of the many concerns in these groups. Several establishments without cost systems do not compute depreciation on their equipment and consequently could not give book values of their properties. Of the 1,184 establishments in the city, figures on investment were secured from 1,154. In most instances the investment figures follow closely the present value of furniture and fixtures, and the figures represent, therefore, the depreciated values on the equipment of the restaurant industry of the city. The rate of turnover, therefore, shown in the following tables is consequently much higher than could be realized on original investments.

The compilation of the reporting firms shows a total investment of $9,007,175. Six hotels, 1 tea room, 14 clubs, and 9 miscellaneous establishments did not furnish information on investment. The total annual sales of the 1,154 reporting establishments were $43,465,980. The capital turnover (i. e., the ratio of annual sales to investment) of the reporting establishments is 4.83 times per year. Conferences with several managers of the larger establishments indicate an average capital turnover of about 2.4 to 2.5 times per year on the original investment. Present book values of these establishments approximate about one-half of the original investment. These facts indicate that the above figures shown for investment represents about one-half the original investment of reporting concerns. It is believed, therefore, that the original investment of the restaurant industry of San Francisco may be estimated fairly conservatively at $18,000,000. This does not take into account the investment of establishments not covered in the report.

It is obvious that the total valuation of all property in San Francisco devoted to the conduct of food serving is decidedly larger than figures shown above. In order to arrive at a complete statement, it would be necessary to include the valuation of all real estate leased to restaurant proprietors. No effort was made to secure this information, and no estimate is offered of the valuation of such properties.

CAPITAL TURNOVER

A comparison of reported investment with annual sales by types of eating establishments reveals some relatively wide variations in the capital turnover of different classes of eating places. Hotel dining rooms show the lowest rate of turnover, 3.85 times per year, while drug-store lunch counters are highest, with 8.72 times per year. Restaurants and cafés and miscellaneous eating places are close to the general average of all establishments. Coffee shops, dairy lunches, and sandwich shops are appreciably higher in this regard than the general average. The investment, sales, and capital turnover of the various types of eating establishments reporting their investment are shown in the following table:

Investment, Sales, and Rate of Capital Turnover of Eating Establishments in San Francisco in 1929

Classification	Estab-ments reporting	Invest-ment	Sales	Capital turnover annually
Hotel dining rooms	20	$878, 815	$3, 386, 196	3. 85
Restaurants and cafés	631	4, 092, 294	19, 666, 284	4. 81
Cafeterias	33	775, 742	3, 569, 616	4. 60
Coffee shops	124	907, 516	4, 862, 220	5. 36
Dairy lunches	79	1, 245, 813	6, 305, 568	5. 06
Sandwich shops	99	426, 194	2, 329, 860	5. 47
Bakery lunches	29	164, 630	751, 260	4. 56
Tea rooms	19	217, 122	938, 364	4. 32
Drug-store lunch counters	16	54, 100	471, 804	8. 72
Miscellaneous	104	244, 949	1, 184, 808	4. 84
Total	1, 154	9, 007, 175	43, 465, 980	4. 83

An examination of the annual sales of establishments reporting their investments throws considerable light upon the variations in capital turnover of various-sized establishments. The following table shows the investment and annual sales of establishments reporting on this point and the respective capital turnover.

INVESTMENT IN FIXTURES AND CAPITAL TURNOVER OF EATING ESTABLISHMENTS IN SAN FRANCISCO IN 1929, BY SIZE GROUPS

Annual sales volume	Establishments reporting	Investment	Annual sales	Capital turnover
Less than $5,000	161	$117, 105	$473, 952	4.07
$5,001 to $10,000	186	242, 688	1, 427, 952	5.88
$10,001 to $20,000	270	678, 061	4, 014, 000	5.92
$20,001 to $30,000	160	689, 400	3, 865, 548	5.61
$30,001 to $40,000	87	531, 665	3, 164, 712	5.95
$40,001 to $50,000	79	660, 794	3, 743, 988	5.67
$50,001 to $75,000	84	1, 026, 773	4, 951, 428	4.82
$75,001 to $100,000	35	517, 369	3, 016, 380	5.83
$100,001 to $150,000	46	989, 912	5, 631, 120	5.69
$150,001 to $250,000	25	1, 407, 240	4, 836, 624	3.44
$250,001 and over	21	2, 146, 168	8, 340, 276	3.89
Total	1, 154	9, 007, 175	43, 465, 980	4.83

The preceding table indicates a general tendency toward an increase in capital turnover with an increase in volume up to establishments with $100,000 in annual sales. Over $100,000 there appears a trend toward a decrease in capital turnover. The one size group which fails to maintain the general tendency of an increase in capital turnover with an increase in size is the $50,001 to $75,000 group. The reasons for this are not in evidence.

Wide variations in the capital turnover of establishments in the same size group are found from an analysis of the questionnaire returns. This is particularly true of all establishments with an annual sales volume of $40,000 or less. It was not unusual to find establishments with a reported investment of less than $500 and with annual sales from $5,000 to as much as $20,000. The capital turnover of these establishments is obviously out of range with the general data shown in the preceding table. The explanation for the low capital investment reported by these establishments is probably found in the relatively rapid change in ownership and the marked reductions at which succeeding owners are able to acquire the fixtures. A number of managers who reported investment of $200 to $500, when questioned as to the accuracy of their reports, stated that the figure represented the price at which they purchased the fixtures of the establishment. Many of these establishments were, at the time of purchase, in a failing condition or had actually been closed, and represented, therefore, distress values.

MORTALITY AND RATE OF MANAGEMENT CHANGE

Data were collected from each establishment on the length of time an eating place has been in operation at the particular location, the period of operation under present ownership, and the number of times the establishment has changed hands since its opening. From these facts valuable information was secured on the average length of life of eating places. No exact conclusions can be drawn from the questionnaire reports as to the rate of mortality, but a study of the data secured throws considerable light upon the rapidity of management change of eating establishments in the city. The fact that a business organization changes hands does not establish it as an unsuccessful venture, yet frequent changes of ownership incline the observer strongly to that deduction.

From the above data it has been possible to determine the average period of operation of various types of eating establishments in San Francisco under present management. An analysis of the various types of eating establishments on this basis shows hotel dining rooms and cafeterias have been in the hands of present managements longer than other types of eating places. Naturally, hotel dining rooms operated by hotel managements closely approximate the rate of turnover of the hotels and may not, therefore, be considered a part of the turnover of eating establishments. In the case of cafeterias, however, operated independently of other types of business, the higher average shown is particularly interesting. From preceding tables it has been evident that cafeterias in San Francisco are relatively large establishments. In the case of restaurants and cafés, the largest single group, the average period of time under present management is 5.3 years. Sandwich shops, with 2.5 years under present ownership, stand lowest; the average for this class, however, is strongly affected by the fact that there have been many additions to this group in recent years and the shorter period of operation by new establishments draws down the type average. The average of three years shown for drug stores can scarcely be considered a part of the data on eating establishments, as the business is a side-line to other lines of trade. In the case of tea rooms, the department-store tea rooms were excluded, and the average of the 17 usual types of tea rooms under present management is shown as 3.4 years. In this case the small number of establishments in the group allows the average to be affected seriously by the experiences of two or three places in the group.

The following table shows the average length of time various types of eating places in San Francisco have operated under present management.

LENGTH OF TIME EATING ESTABLISHMENTS IN SAN FRANCISCO HAVE OPERATED UNDER PRESENT MANAGEMENT

Classification	Establishments reporting	Total operating years	Average years of operation by present management
Hotel dining rooms	25	173	6.9
Restaurants and cafés	629	3,368	5.3
Cafeterias	33	251	7.6
Coffee shops	124	412	3.3
Dairy lunches	79	361	4.6
Sandwich shops	99	243	2.5
Bakery lunch rooms	29	131	4.5
Tea rooms	17	58	3.4
Drug-store lunch counters	16	48	3.0
Miscellaneous	113	520	4.6
Total	1,164	5,565	4.8

The average period of operation by present management of all eating establishments in the city (4.8 years) corresponds very closely with the rate of turnover as suggested by the number of closed establishments found during the course of the survey. Of 1,429 food-serving establishments canvassed, 163 (11.4 per cent) were closed. These establishments, judging from licenses issued by the city health department, went out of business in a period of a little over six months. Assuming this rate of failure as representative of the industry over a period of a year, it is estimated that the present rate of failure of eating establishments is about 20 per cent annually, which suggests an average period of life for all establishments of approximately five years.

An analysis of questionnaire data on the relation of size of establishments to the period of operation by present management throws some interesting light upon the influence of volume on the length of life of an establishment. An analysis along this line has been made of 629 restaurants and cafés in San Francisco and shows some interesting facts. The following table shows the percentage of restaurants and cafés in San Francisco by various size groups operated by present managements for five years or more:

Percentage of Restaurants and Cafés in San Francisco Operated by Present Management Five or More Years

Annual sales volume	Establishments reporting	Establishments under present operators five years or more.	
		Number	Per cent
Less than $5,000	73	13	17.8
$5,001 to $10,000	130	28	21.5
$10,001 to $20,000	164	54	32.9
$20,001 to $30,000	89	36	40.4
$30,001 to $40,000	48	19	39.5
$40,001 to $50,000	39	20	51.3
$50,001 to $75,000	35	23	65.7
$75,001 to $100,000	12	9	75.0
$100,001 to $150,000	19	17	89.5
$150,001 to $250,000	14	10	71.4
$250,001 and over	6	4	66.7
Total	629	233	37.0

The foregoing table discloses a very definite relationship between the volume of an establishment and its life expectancy. The average period of operation under present management for all establishments in the above table is 5.3 years. Only 17.8 per cent of the establishments of less than $5,000 annual sales have operated for five years or more. Of establishments between $5,001 and $10,000, approximately one-fifth of the managements have been able to continue in operation for a period of five years or longer. It will be observed from that table that as the annual sales of an eating place increase, the period of life under present management likewise increases up to the largest-size groups. The small number of establishments in the last two groups, it should be observed, allows the average to be seriously affected by the short period of operation of a few comparatively new places.

RELATION OF ANNUAL SALES IN RESTAURANTS AND CAFÉS TO MANAGEMENT CHANGE

A classification of restaurants and cafés, the largest single group, on the basis of the relationship of size of establishment to period of operation under present management further establishes the greater life expectancy of the larger establishment. We find, for example, that establishments of $5,000 and less annual sales reported an average period of operation under present management of 2.8 years and establishments between $5,001 and $10,000 showed 3.1 years, as compared with an average for the group of 5.3. It is interesting to observe that there is an almost uninterrupted rise in the period of operation by present management as the size of the establishment increases. The following table, confined to a single type of establishment in which standards of service and operating conditions are fairly comparable throughout, shows the relation between annual sales and period of operation by present management.

Average Period of Life Under Present Management of 629 Restaurants and Cafés in San Francisco

Annual sales volume	Establishments reporting	Average period of operation under present management, in years	Annual sales volume	Establishments reporting	Average period of operation under present management, in years
Less than $5,000	73	2.8	$75,001 to $100,000	12	9.6
$5,001 to $10,000	130	3.1	$100,001 to $150,000	19	17.8
$10,001 to $20,000	164	4.7	$150,001 to $250,000	14	6.7
$20,001 to $30,000	89	5.6	$250,001 and over	6	11.8
$30,001 to $40,000	48	5.7			
$40,001 to $50,000	39	5.8	Total	629	5.3
$50,001 to $75,000	35	10.8			

EQUIPMENT

Within the possible limits of the questionnaire drawn up for this survey, data were secured relative to the equipment of eating establishments. These facts, it is believed, are of direct value to the distributors of restaurant equipment and in some instances can be related back to the sales volume of the establishment to determine what sizes of establishments have provided a market for particular lines of equipment.

The facts on equipment covered by the questionnaire relate to character of fuel used, mechanical ventilation, types of refrigeration, dish-washing equipment, and facilities for the baking of bread and pasteries and the manufacture of ice cream on the premises.

The facts presented in the following sections relate very closely in many instances to matters of sanitation, but are presented herewith without comment.

FUEL USED

The questionnaire data show that gas predominates as fuel for cooking in San Francisco eating establishments. Most of the installations in recent years in new restaurants have been with this fuel, and many changes have also been made from oil to gas. The decrease in gas prices with the recent piping of natural gas to San Francisco has also encouraged the further use of gas as a fuel. Costs of installation for gas have been the most serious factor retarding its use among the many small restaurants of the city. Although coal is relatively high in price in San Francisco ($13 to $14 per ton, in the survey year), nevertheless 203 establishments reported the use of this fuel. Relatively few establishments reported the use of oil, and 98 establishments reported the use of electricity. In many instances, electricity is used in electric coffee urns, toasters, and waffle irons. Most of the establishments reporting the use of coal also use gas or electricity to some extent. A number of establishments in the miscellaneous group use no fuel for cooking, as their menus are restricted to cold foods. The following table shows the number of establishments of various sizes reporting the use of the several kinds of fuel.

TYPES OF FUEL USED FOR COOKING BY EATING ESTABLISHMENTS IN SAN FRANCISCO IN 1929

Classification	Establishments [1]	Number of establishments using—				Not reporting
		Electricity	Oil	Coal	Gas	
Hotel dining rooms	26	3	8	3	24	--------
Restaurants and cafés	631	24	23	143	557	3
Cafeterias	33	2	7	4	26	--------
Coffee shops	124	19	4	25	113	--------
Dairy lunches	79	1	8	24	73	--------
Sandwich shops	99	25	1	3	91	--------
Bakery lunches	29	6	4	--------	28	--------
Tea rooms	20	2	--------	1	20	--------
Drug-store lunch counters	16	3	--------	--------	12	--------
Miscellaneous	113	13	1	--------	82	24
Total	1,170	98	56	203	1,026	27

[1] Clubs were not covered on this question.

The above table brings out some significant relationships between the character of establishment and the type of fuel used. Thus coffee shops, sandwich shops, and bakeries stand relatively high in the use of electricity, and hotel dining rooms are relatively more inclined to the use of oil than to other types of fuel.

REFRIGERATION

Eating establishments were questioned as to the type of refrigeration used, under three headings, viz: Ammonia plants, mechanical (electrical or gas), and ice. On this point reports were secured from 1,149 establishments. These reports indicate the preponderance in the use of ice refrigeration, although they further indicate the extent to which mechanical refrigeration has secured adoption. Of the 1,149 establishments reporting on this subject, 422 or nearly 37 per cent showed the use of mechanical refrigeration. Ammonia plants were reported by 60 establishments, while 736 have ice refrigeration.

It is evident from the above figures that several establishments have more than one type of refrigeration.

The following table shows the types of refrigeration used by various classes of eating establishments in San Francisco.

TYPES OF REFRIGERATION USED BY EATING ESTABLISHMENTS IN SAN FRANCISCO, 1929

Classification	Establishments [1]	Number of establishments using—			Not reporting
		Ammonia plant	Mechanical	Ice	
Hotel dining rooms	26	12	8	9	--------
Restaurants and cafés	631	22	198	442	1
Cafeterias	33	7	10	17	--------
Coffee shops	124	4	51	77	--------
Dairy lunches	79	10	46	27	--------
Sandwich shops	99	1	39	65	1
Bakery lunches	29	1	10	18	--------
Tea rooms	20	--------	11	11	--------
Drug-store lunch counters	16	--------	15	6	--------
Miscellaneous	113	3	34	64	19
Total	1,170	60	422	736	21

[1] Clubs were not covered on this question.

It is interesting to observe from the foregoing table that about half the hotels and over one-fifth of the cafeterias have ammonia plants. Dairy lunches also show a higher proportion of ammonia plants than average.

MECHANICAL VENTILATION

Three questions were included in the survey with regard to mechanical ventilating equipment. These related to the use of mechanical ventilation in the dining room, kitchen, and basement. Out of 1,122 establishments reporting on ventilating equipment in the dining room, 222, or approximately 20 per cent, are so equipped. Over half the hotels report mechanical ventilation in the dining room. A considerable part of the cafeterias and dairy lunches have also installed mechanical ventilating devices.

In the case of mechanical ventilation in the kitchen, 1,141 establishments reported specifically on this point, and of this number 318, or nearly 28 per cent, are so equipped. Most of the hotel dining rooms and about half the cafeterias have this facility. Over half the dairy lunches and tea rooms report mechanical ventilation in their kitchens.

Many establishments did not report specifically on mechanical ventilation in the basement, as a large part of them have no basement in connection with the establishment. Of 447 places reporting on this point, 120 show mechanical ventilation. The following tables show the extent of mechanical ventilation in dining rooms, kitchens, and basements of eating establishments in San Francisco.

USE OF MECHANICAL VENTILATION IN DINING ROOMS OF EATING ESTABLISHMENTS IN SAN FRANCISCO IN 1929

Classification	Establishments [1]	With mechanical ventilation	Without mechanical ventilation	Not reporting
Hotel dining rooms	26	15	10	1
Restaurants and cafés	631	89	528	14
Cafeterias	33	13	18	2
Coffee shops	124	29	91	4
Dairy lunches	79	41	36	2
Sandwich shops	99	23	73	3
Bakery lunches	29	4	24	1
Tea rooms	20	2	15	3
Drug-store lunch counters	16		16	
Miscellaneous	113	6	89	18
Total	1,170	222	900	48

[1] Clubs were not covered on this question.

USE OF MECHANICAL VENTILATION IN KITCHENS OF EATING ESTABLISHMENTS IN SAN FRANCISCO IN 1929

Classification	Establishments [1]	With mechanical ventilation	Without mechanical ventilation	Not reporting
Hotel dining rooms	26	19	6	1
Restaurants and cafés	631	125	500	6
Cafeterias	33	16	16	1
Coffee shops	124	41	83	
Dairy lunches	79	46	32	1
Sandwich shops	99	29	68	2
Bakery lunches	29	9	20	
Tea rooms	20	11	9	
Drug-store lunch counters	16	7	9	
Miscellaneous	113	15	80	18
Total	1,170	318	823	29

[1] Clubs were not covered on this question.

USE OF MECHANICAL VENTILATION IN BASEMENTS OF EATING ESTABLISHMENTS IN SAN FRANCISCO IN 1929

Classification	Establishments [1]	With mechanical ventilation	Without mechanical ventilation	Not reporting
Hotel dining rooms	26	12	11	3
Restaurants and cafés	631	33	163	435
Cafeterias	33	9	10	14
Coffee shops	124	10	28	86
Dairy lunches	79	27	24	28
Sandwich shops	99	6	21	72
Bakery lunches	29	8	17	4
Tea rooms	20	3	4	13
Drug-store lunch counters	16	7	6	3
Miscellaneous	113	5	43	65
Total	1,170	120	327	723

[1] Clubs were not covered on this question.

DISH WASHING

The survey reveals that 235 eating establishments in San Francisco are equipped with mechanical dish-washing equipment; 1,143 establishments reported on this particular question. This is a type of equipment usually found in larger establishments. Most hotels and over half the dairy lunches and cafeterias have mechanical dish-washing equipment. The following table shows the methods of dish washing in eating establishments in San Francisco.

METHODS OF DISH WASHING USED BY EATING ESTABLISHMENTS IN SAN FRANCISCO IN 1929

Type	Establishments [1]	Method of dish washing used		
		Mechanical	Hand	Not reporting
Hotel dining rooms	26	20	6	
Restaurants and cafés	631	91	540	
Cafeterias	33	17	15	1
Coffee shops	124	27	92	5
Dairy lunches	79	47	31	1
Sandwich shops	99	16	81	2
Bakeries	29	6	23	
Tea rooms	20	7	12	1
Drug stores	16		16	
Miscellaneous	113	4	92	17
Total	1,170	235	908	27

[1] Clubs were not covered on this question.

In order to establish the facts as to the distribution of mechanical dish-washing equipment by size of establishments, a special analysis was made of the questionnaires. This review reveals that relatively few establishments of less than $40,000 sales per year are in the market for this type of equipment. Of establishments between $50,001 and $75,000 sales per year, nearly half are so equipped, while in the larger-size groups most establishments have such equipment. The following table shows the distribution by size groups of the 235 establishments in San Francisco equipped for mechanical dish washing.

DISTRIBUTION BY SIZE GROUPS OF EATING ESTABLISHMENTS IN SAN FRANCISCO EQUIPPED WITH MECHANICAL DISH-WASHING FACILITIES

Annual sales volume	Establishments [1]	Establishments having mechanical dish-washing equipment	
		Number	Per cent
Less than $5,000	170	1	0.42
$5,001 to $10,000	186		
$10,001 to $20,000	270	13	5.53
$20,001 to $30,000	160	15	6.38
$30,001 to $40,000	88	21	8.94
$40,001 to $50,000	79	27	11.49
$50,001 to $75,000	86	41	17.45
$75,001 to $100,000	36	28	11.91
$100,001 to $150,000	46	43	18.30
$150,001 to $250,000	26	25	10.64
$250,001 and over	23	21	8.94
Total	1,170	235	20.08

[1] Clubs were not covered on this question.

MANUFACTURE OF ICE CREAM

Only 3.5 per cent of the eating establishments covered in this survey produce ice cream for their own use. Of the 41 establishments producing ice cream on the premises or in their own commissaries, hotels account for 9 and restaurants for 20. These facts indicate very directly the extensive market for ice-cream manufacturers among San Francisco eating places. It is interesting to observe from the questionnaires that many establishments, particularly those catering to a foreign element, do not serve ice cream. Many Chinese, Japanese, Mexican, or Italian restaurant proprietors include ice cream on their menus. The following table shows the number of eating establishments of various types producing ice cream for their own service.

Production of Ice Cream by Eating Establishments in San Francisco in 1929

Classification	Establishments [1]	Producing ice cream for own use	Classification	Establishments [1]	Producing ice cream for own use
Hotel dining rooms	26	9	Bakery lunches	29	--------
Restaurants and cafés	631	20	Tea rooms	20	1
Cafeterias	33	1	Drug-store lunch counters	16	--------
Coffee shops	124	1	Miscellaneous	113	9
Dairy lunches	79	--------			
Sandwich shops	99	--------	Total	1,170	41

Clubs were not covered on this question.

MANUFACTURE OF BAKERY PRODUCTS

Three questions were included in the questionnaire with regard to sources of supply of bakery products of eating establishments. These questions related to whether bakery goods or pastries were manufactured on the premises, and whether bread and rolls are purchased from outside establishments. The analysis of the questionnaires reveals that a relatively small percentage of establishments produce their own bakery products. Of 1,127 establishments reporting on the subject, only 187 are producing bakery goods on the premises or at their own commissaries. Nearly three-fourths of the hotels produce their own bakery goods on the premises. It is interesting to observe that of the bakery lunches 20 out of 29 produce their bakery products on the premises, while 9 establishments are evidently located at places other than the main bakeshop. Another interesting fact is that 13 of the 20 tea rooms produce bakery goods on the premises. The following table lists the number of establishments producing bakery goods on the premises according to the type of establishment.

Production of Bakery Products by Eating Establishments in San Francisco in 1929

Classification	Establishments [1]	Establishments producing bakery goods	Establishments not producing bakery goods	Not reporting
Hotel dining rooms	26	18	7	1
Restaurants and cafés	631	67	550	14
Cafeterias	33	12	20	1
Coffee shops	124	23	101	
Dairy lunches	79	17	62	
Sandwich shops	99	12	85	2
Bakery lunches	29	20	9	
Tea rooms	20	13	5	2
Drug-store lunch counters	16		16	
Miscellaneous	113	5	85	23
Total	1,170	187	940	43

[1] Clubs were not covered on this question.

Over 78 per cent of 1,170 establishments in San Francisco purchase pastry goods from outside sources. This figure closely approximates the number of establishments relying upon outside firms for bread, rolls, and other lines of bakery products. It is interesting to observe that relatively fewer hotels buy pastry products from independent bakeries than other classes of establishments. Of the 20 tea rooms, only 6 report purchases from outside sources. The following table shows the number of eating establishments purchasing pastry goods from outside sources.

Eating Establishments in San Francisco in 1929 Purchasing Pastry Goods from Outside Establishments

Classification	Establishments [1]	Purchasing from outside establishments	
		Number	Per cent
Hotel dining rooms	26	8	0.87
Restaurants and cafés	631	556	60.63
Cafeterias	33	19	2.07
Coffee shops	124	95	10.36
Dairy lunches	79	43	4.69
Sandwich shops	99	87	9.49
Bakery lunches	29	9	.98
Tea rooms	20	6	.66
Drug-store lunch counters	16	16	1.74
Miscellaneous	113	78	8.51
Total	1,170	917	78.37

[1] Clubs were not covered on this question.

SEATING EQUIPMENT

The relative importance of chairs and counter seats in eating establishments varies with the character of service, the extent of the menu, and the type of patronage to which an establishment caters. Approximately one-seventh of the seating capacity of the establishments covered are in counter seats. In the case of drug-store lunches, all seating equipment is of this type, while in miscellaneous establishments nearly one-half is of this character. Coffee shops show over one-fourth of their seating capacity in counter seats, while sandwich shops have over 60 per cent of their capacity in this character of equipment. The following table shows the distribution of seating equipment by chairs and counter seats in the several types of eating establishments in San Francisco.

Types of Seating Equipment in Eating Establishments in San Francisco in 1929

Classification	Chairs	Counter seats	Total
Hotel dining rooms	7, 226	93	7, 319
Restaurants and cafés	37, 717	6, 468	44, 185
Cafeterias	6, 746	23	6, 769
Coffee shops	5, 734	2, 380	8, 114
Dairy lunches	8, 115	167	8, 282
Sandwich shops	1, 178	2, 154	3, 332
Bakery lunch counters	1, 243	231	1, 474
Tea-rooms	2, 544	99	2, 643
Drug-store lunch counters		332	332
Clubs	4, 410		4, 410
Miscellaneous	2, 186	929	3, 115
Total	77, 099	12, 876	89, 975

It will be observed that there are some unusual combinations of chairs and counter seats in certain types of establishments. In the case of tea rooms the counter seats were largely in department-store tea rooms. A few dairy lunches also show-counter seats, although this type of equipment is unusual in that character of establishment.

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